



RCI BANQUE

CACIB AUTO CREDIT DAY 2020

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AGENDA

- ① RCI BANQUE OVERVIEW
- ② OPERATING HIGHLIGHTS
- ③ FINANCIAL POLICY AND FUNDING
- ④ APPENDICES

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RCI BANQUE OVERVIEW



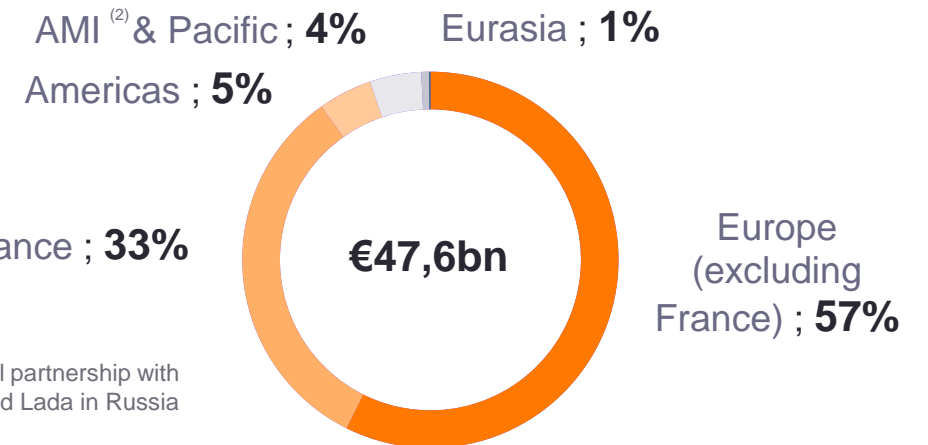
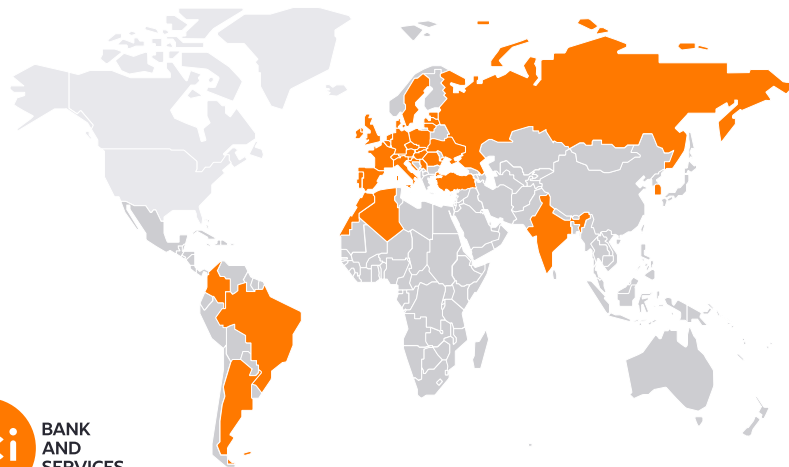
IDENTITY AND FIRST-HALF 2020 KEY FIGURES

● RCI Banque identity:

- Renault-Nissan Alliance brands finance company
- 100% owned by Renault SA
- Bank status since 1991
- ECB supervision since 2016
- Retail, corporates and dealers inventory financing
- **9** brands financed ⁽¹⁾ in **36** countries

● First-half 2020 key figures:

- Equity: **€5.9bn**
- Net customer deposits: **€18.6bn**
- Penetration rate: **44.9%**
- New contracts (in k units) : **659**
- Commercial assets : **€47.6bn** of which:



⁽¹⁾ Since February 2018, commercial partnership with Mitsubishi Motors in Netherlands and Lada in Russia

⁽²⁾ AMI: Africa, Middle-East, India

RATINGS



- **Moody's ratings :**

- Long-term : **Baa2**
- Outlook : **Negative⁽¹⁾**
- Short-term : **P-2**
- Strengths : « high and stable earning stream; limited credit losses; essential to its parent's strategy; strong profitability through the credit cycle; limited refinancing risk, increasing deposit base and adequate liquidity buffer »
- Weaknesses : « lack of business diversification; large exposures to car dealers; car market cyclical by nature; reliant on wholesale funding »

- **Standard and Poor's ratings:**

- Long-term : **BBB**
- Outlook : **Negative⁽³⁾**
- Short-term : **A-2**
- Strengths : « strong and recurring risk-adjusted profitability; regulated bank insulated from its corporate parent; strong capitalization; striking balance between growth and profitability; low cost base and effective cost control »
- Weaknesses : « predominantly wholesale-funded; business concentration in car financing; dependence on parent's franchise and product cycles »

- **Independent ratings from parent Renault S.A** supported by bank status and independent funding

- Renault : **Ba2, negative outlook/ NP⁽²⁾**

⁽¹⁾ Since June 3rd 2020

⁽²⁾ Since May 28th 2020

- Renault : **BB+, negative outlook / B⁽⁴⁾**

⁽³⁾ Since February 26th 2019

⁽⁴⁾ Since April 9th 2020

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OPERATING HIGHLIGHTS

NB: FIGURES RELATED TO COMMERCIAL ACTIVITY (PENETRATION RATE, NEW FINANCINGS, CONTRACTS PROCESSED) INCLUDE EQUITY METHOD CONSOLIDATED ENTITIES. BALANCE SHEET FIGURES (OUTSTANDINGS) EXCLUDE THESE ENTITIES

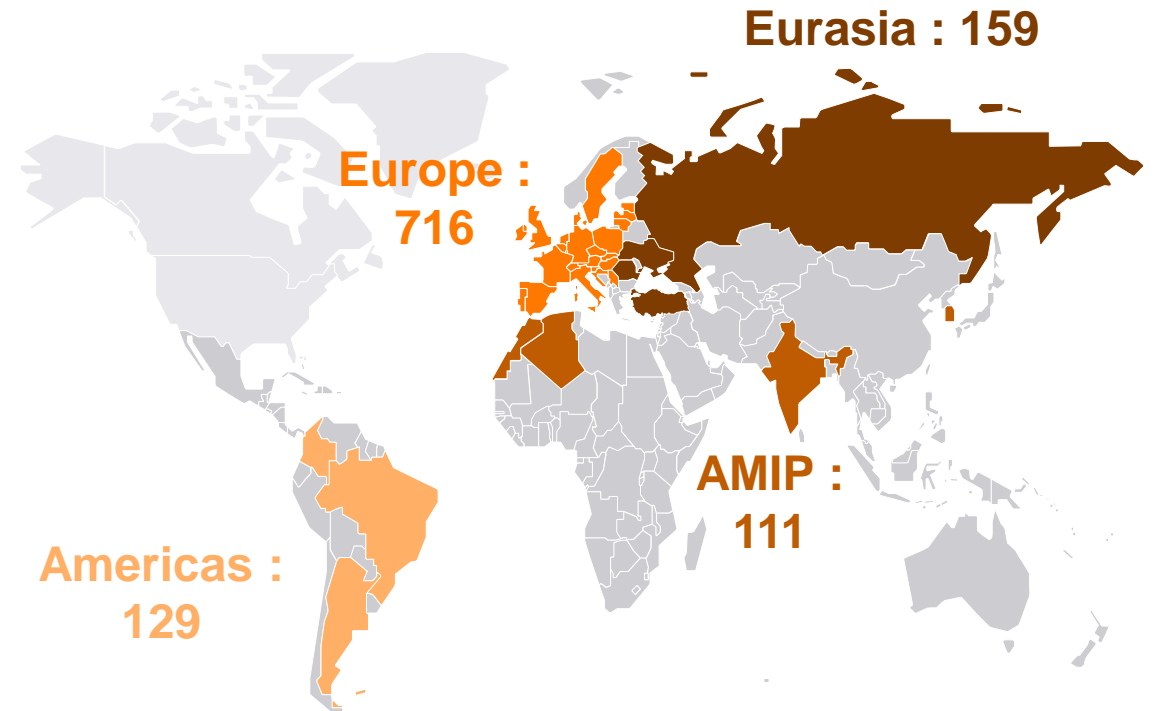
CAR MARKET AND ALLIANCE SALES ⁽¹⁾ ON RCI PERIMETER



- Evolution vs. first-half 2019:

	Market	Alliance
Europe	- 38.3%	- 42.3% ⁽²⁾
Eurasia	- 16.0%	-13.3%
Americas	- 39.1%	- 43.2%
Africa, Middle-East, India, Asia-Pacific (AMIP)	- 23.9%	- 9.6% ⁽³⁾
Total RCI perimeter	- 34.0%	- 37.1%

- First-half 2020 Alliance sales (in k units): 1,116

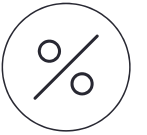


(2) Renault Group: -42.0%, Nissan Group: -43.4%

(3) of which India: -29.6%, Morocco: -43.7% and Korea: +45.0%

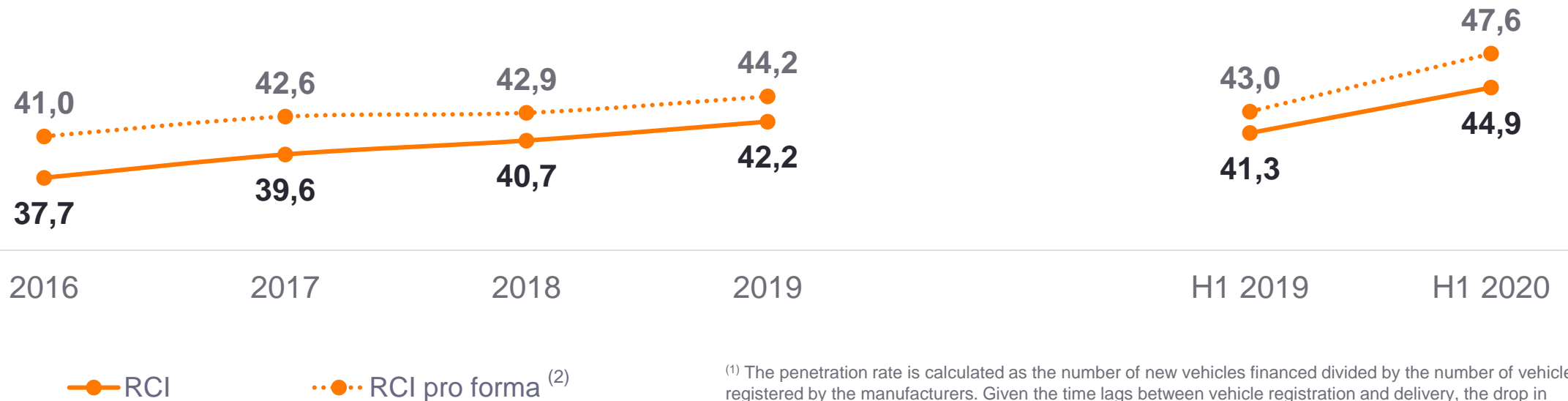
(1) Personal Car (PC) + Light Utility Vehicle (LUV) market and Alliance sales

PENETRATION RATE (1)



- Financing penetration rate at **44.9% (+3.6 pts vs. H1 2019)**, of which:

- Renault : **45.0% (+3.3pts)**
- Dacia : **48.5% (+3.5pts)**
- Renault Samsung Motors : **59.5% (+1.9pts)**
- Nissan-Infiniti-Datsun : **37.6% (+2.6pts)**



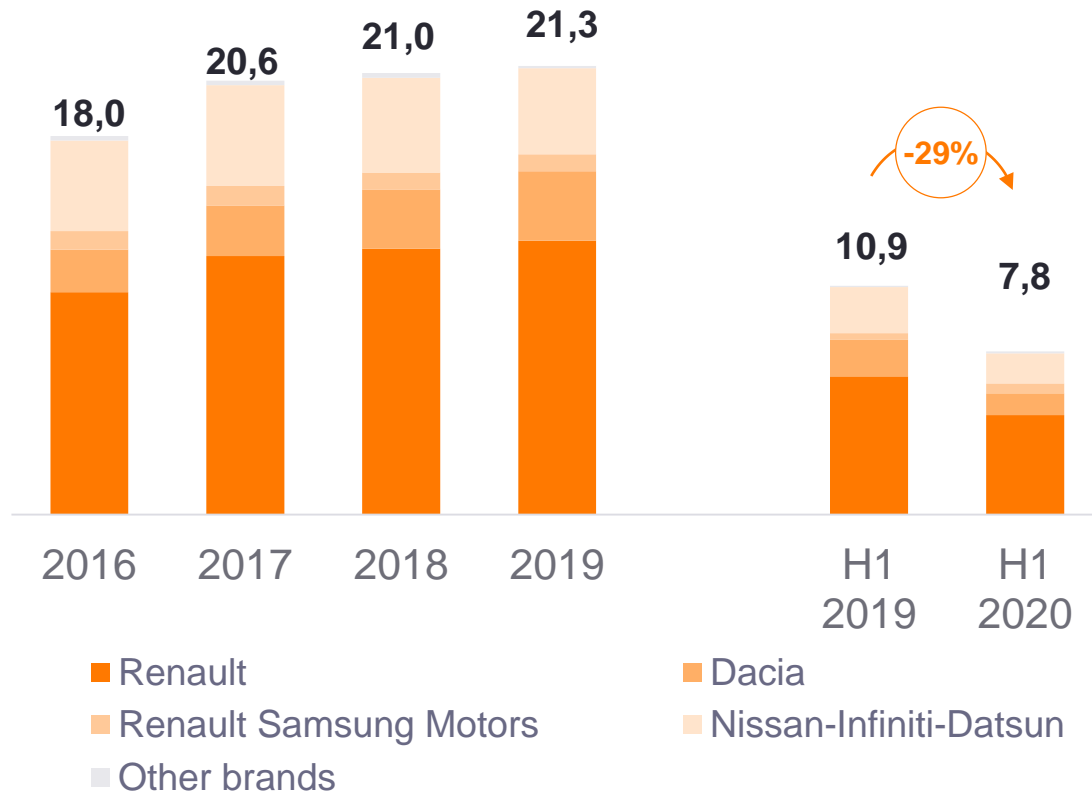
(1) The penetration rate is calculated as the number of new vehicles financed divided by the number of vehicles registered by the manufacturers. Given the time lags between vehicle registration and delivery, the drop in registrations has a slight positive impact on the penetration. In %

(2) Excluding impact of Turkey, Russia and India (entities less mature and having below-average penetration rates)

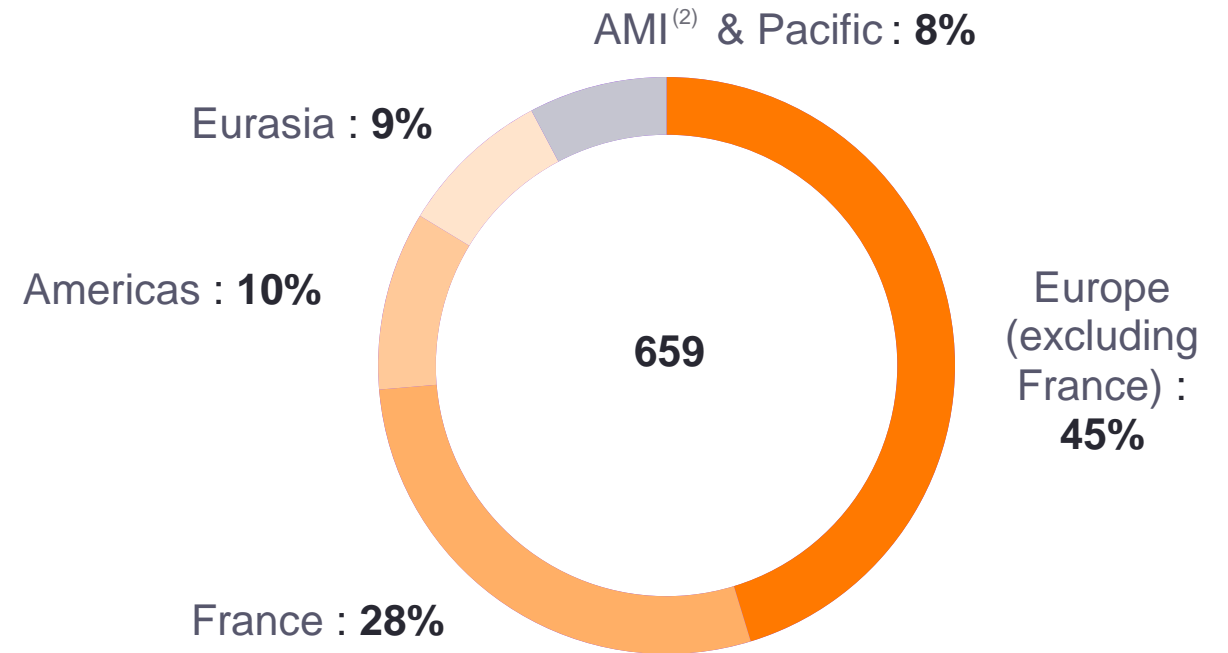


BREAKDOWN OF NEW PRODUCTION

- **New financings ⁽¹⁾ by brand (€bn):**



- **New contracts geographical breakdown (in k units):**



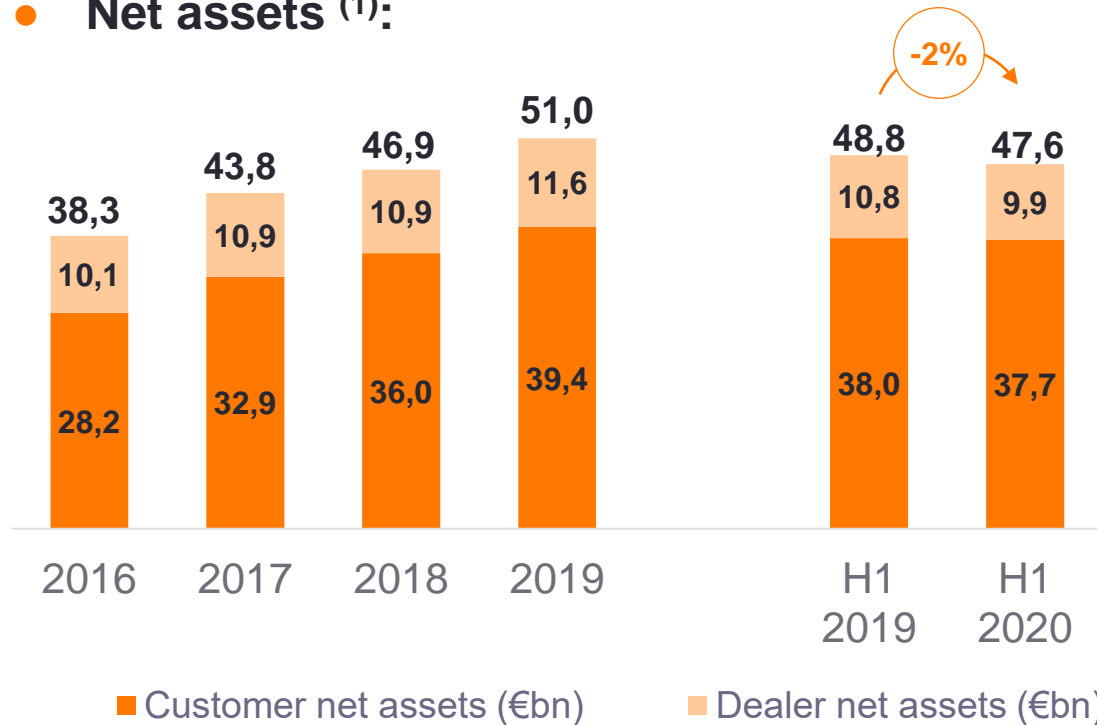
⁽¹⁾ Excluding cards and personal loans

⁽²⁾ AMI: Africa, Middle-East, India

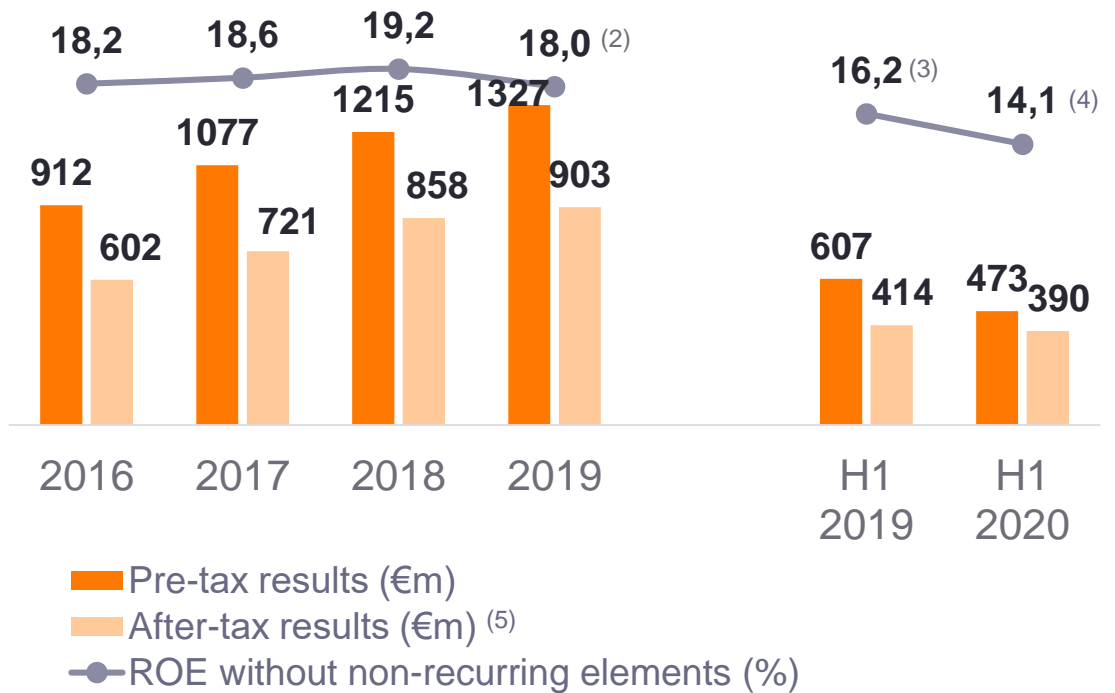
ASSETS AND RESULTS



● Net assets ⁽¹⁾:



● ROE and results:



⁽¹⁾ Net assets at year-end: net total outstandings + operating lease transactions net of depreciation and impairment

⁽²⁾ Excluding startups impact in 2019, ROE came to 17.6% in 2019

⁽³⁾ Excluding deferred tax impact, ROE came to 16.8% in H1 2019

⁽⁴⁾ ROE was down to 14.1% from 16.2% in June 2019. This is impacted by the rise in the cost of risk and increase in the average net equity due to first half-year results and residual 2019 dividend cancellation.

⁽⁵⁾ Owners of the parent

FINANCIAL PERFORMANCE



- Profit and loss aggregates ⁽¹⁾ in percentage of average performing assets:

	2016	2017	2018	2019	H1 2020
Net banking income ⁽²⁾	4.41	4.11	4.34	4.42⁽³⁾	4.22
Cost of risk ⁽⁴⁾	-0.31	-0.11	-0.33	-0.37	-0.99
Operating expenses	-1.39	-1.32	-1.27	-1.26	-1.29
Operating income	2.71	2.68	2.74	2.79	1.94
OEIC and equity method ⁽⁵⁾	0.03	0.04	0.00	0.01	0.04
Pre-tax income	2.74	2.72	2.74	2.80	1.98

⁽¹⁾ Analytical breakdown derived from RCI Banque's financial controlling system

⁽²⁾ Excluding non-recurring elements

⁽³⁾ Net banking income excluding the positive impact of the disposal of equity securities of mobility start-ups stood at 4.31%

⁽⁴⁾ Including country risk (until 2017) and impairment on loans to Marcel in 2019 (excluding impact on loan to Marcel cost of risk came to 0.35)

⁽⁵⁾ Other exceptional income and charges and share of equity-accounted companies' result



COVID 19 IMPACT ON COST OF RISK

- **Loan losses provisions⁽¹⁾ increased by 138 €m:**
 - **Forward looking:** Increased weight given to adverse scenario and sharp drop in that of the "baseline" scenario (the most optimistic) ⁽²⁾ => 26 €m provisions
 - **Non Performing Loan (NPL)**
 - NPL ratio from 1,3 % (Dec-19) to 1,5 % (Jun-20), with stable coverage ratio => 45 €m in provisions
 - **LGD on performing receivables** (Bucket 1 and Bucket 2 mix globally stable vs Dec-19) ⁽³⁾
 - Loss given default negatively impacted by lock down measures as car recoveries and auction sales were almost impossible during lock down period => 59 €m in provisions
- **Customer receivable subject to moratorium ⁽⁴⁾**

	In €m	Ratio
Total	4,200	11%
o/w opt-in	1,082	3%
o/w opt-out ⁽⁵⁾	3,118	8%

⁽¹⁾ Mainly related to Covid 19

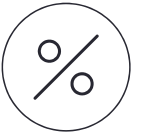
⁽²⁾ In line with ESMA guidelines

⁽³⁾ Management opted to freeze LGD to March 2020 levels in France and May 2020 levels in Italy as operational constraints impacting collections did not reflect actual conditions

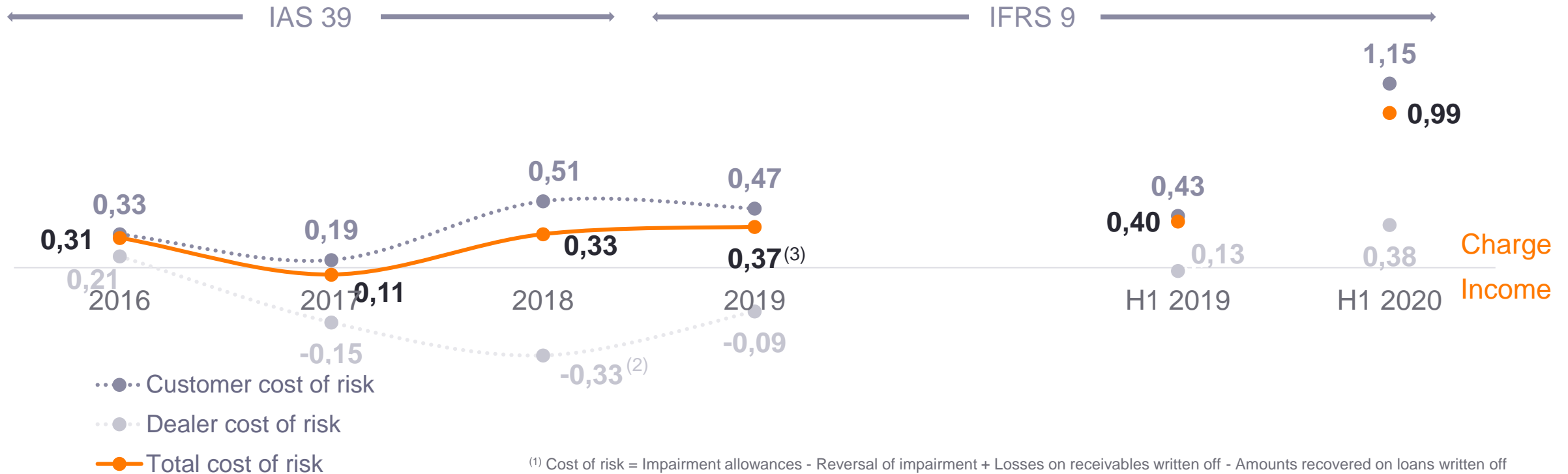
⁽⁴⁾ As of 30/06/2020. Details by geographical exposure in appendix

⁽⁵⁾ Moratorium granted systematically and by default to all Diac and Diac Location corporate clients in order to relieve customer relations platforms during the first days of lock-down
Customers not willing to benefit from payment deferrals had the possibility to request that their contractual schedule be maintained

COST OF RISK (1)



- Cost of risk in percentage of average performing assets at **0.99% (+59bp vs. H1 2019)** :



(1) Cost of risk = Impairment allowances - Reversal of impairment + Losses on receivables written off - Amounts recovered on loans written off

(2) Improvement in the economic environment, a variable used in calibrating provisions on sound Dealer outstandings, led to reversals of provisions on the Dealer financing portfolio. The cost of risk was thus negative (income)

(3) The total cost of risk, which includes the write-off of loans granted to the Marcel start-up representing 0.02% of APA

RESIDUAL VALUE METRICS



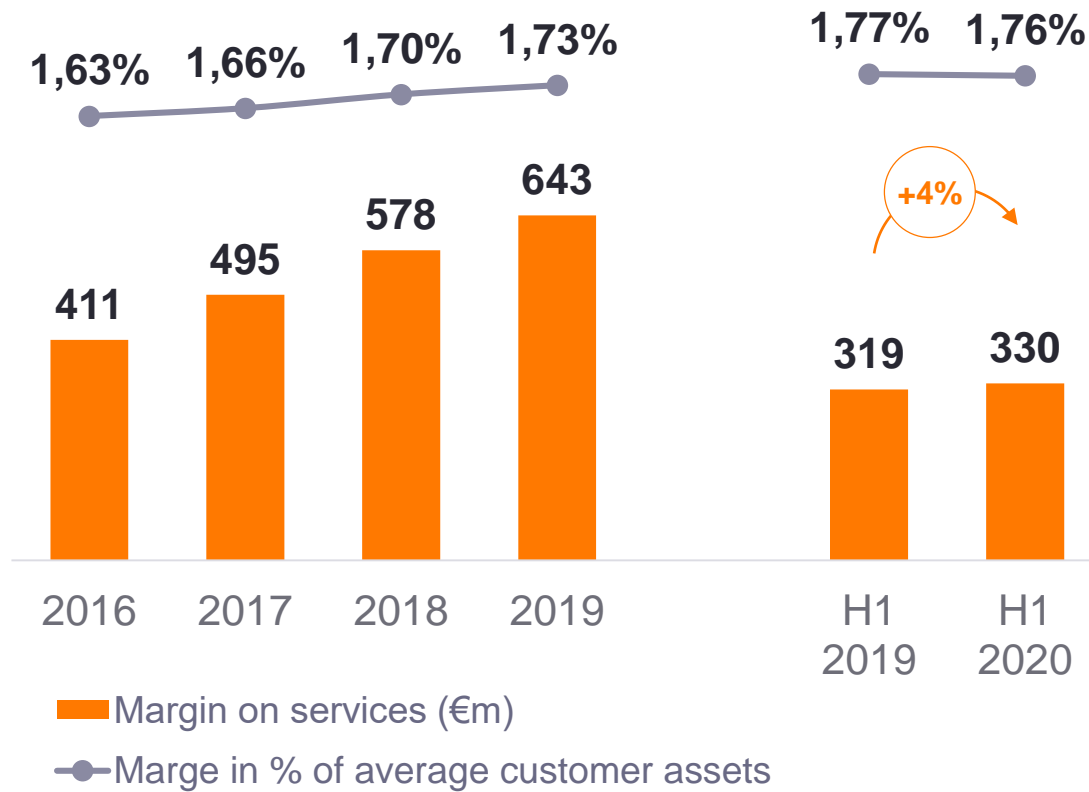
- **Residual value risk borne by RCI Banque:**
 - In most countries, residual value risk carried by carmakers or dealers
 - Residual value exposure borne by RCI Banque mostly located in the UK
 - Low and controlled overall exposure on residual values

	2016	2017	2018	2019	H1 2020
Residual value risk (€m)	1,899	1,981	1,944	1,935	1,798
Provisions (€m)	36	67	61	59	51
Provisions (%)	1.9%	3.4%	3.1%	3.0%	2.8%

SERVICES



● **Margin on services:**

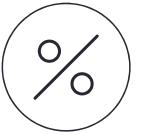


● **New services contracts:**

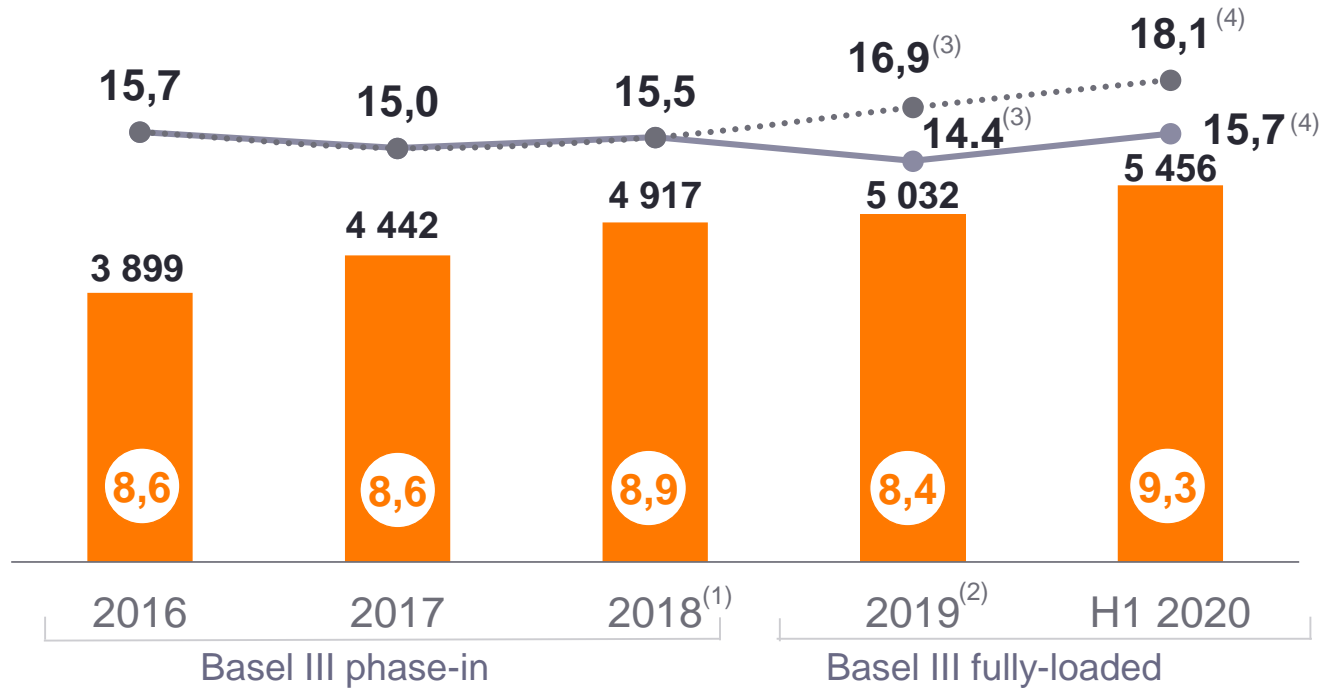


(1) Of which 1,055k€ (54.3%) car centric, 595k€ (30.6%) finance centric and 294k€ (15.1%) customer centric contracts

CAPITAL RATIO AND REGULATORY REQUIREMENTS

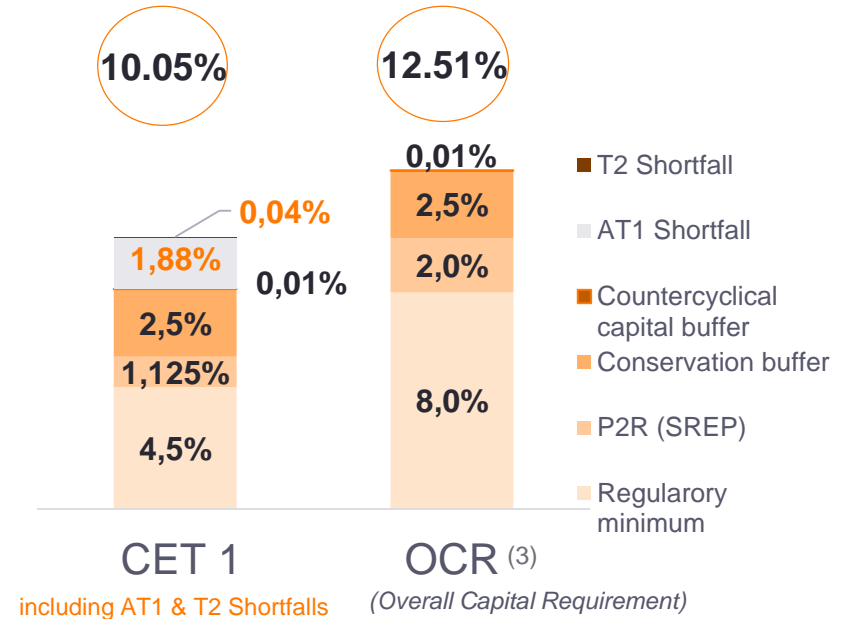


Capital ratio



Regulatory Requirements

as of 30th June 2020



0,0 Leverage ratio in %

Core Tier 1 in € | Core Tier 1 ratio in % | Total Capital ratio in %

⁽¹⁾ 2018: IFRS9 impact taken up front with no use of transitional arrangements. Impact on solvency ratio estimated to -0.06%

⁽²⁾ 2019: Total Capital ratio rose to 16.87% at 31/12/2019 (of which CET1 was 14.41%) following the Tier 2 subordinated debt issue in the amount of € 850 million

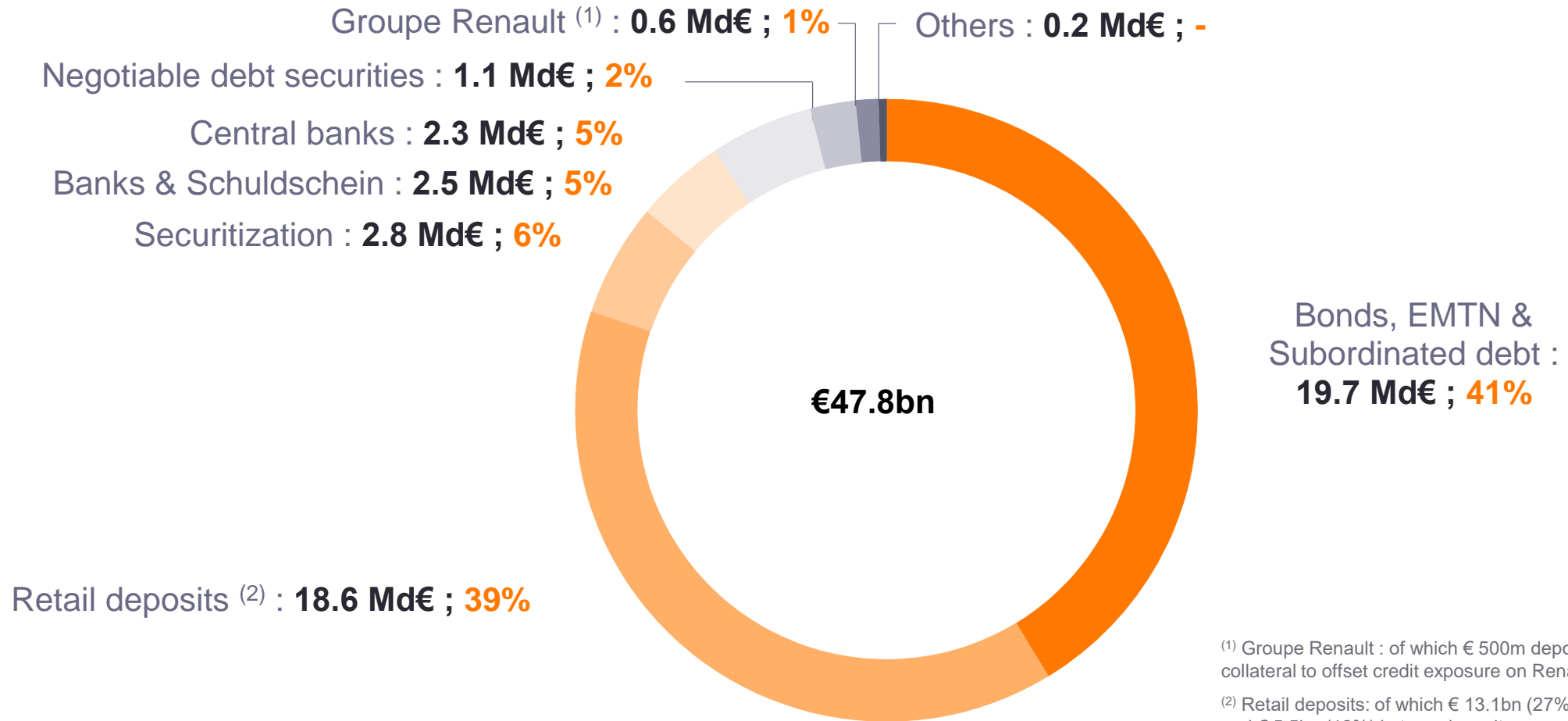
⁽³⁾ Impact from cancellation of €300m dividend residual payment not included in 2019 capital ratio

⁽⁴⁾ Main variations vs Dec-19: €300m residual 2019 dividend cancellation (+86 bps), net profit minus planned 2020 dividend distribution (+40 bp). Trim related headwinds globally in line with calibration disclosed in Feb-2020 and compensated by activation of CRR options [Treatment of deferred taxes, CCF, SME SF]

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FINANCIAL POLICY AND FUNDING

DEBT STRUCTURE AT END OF JUNE 2020



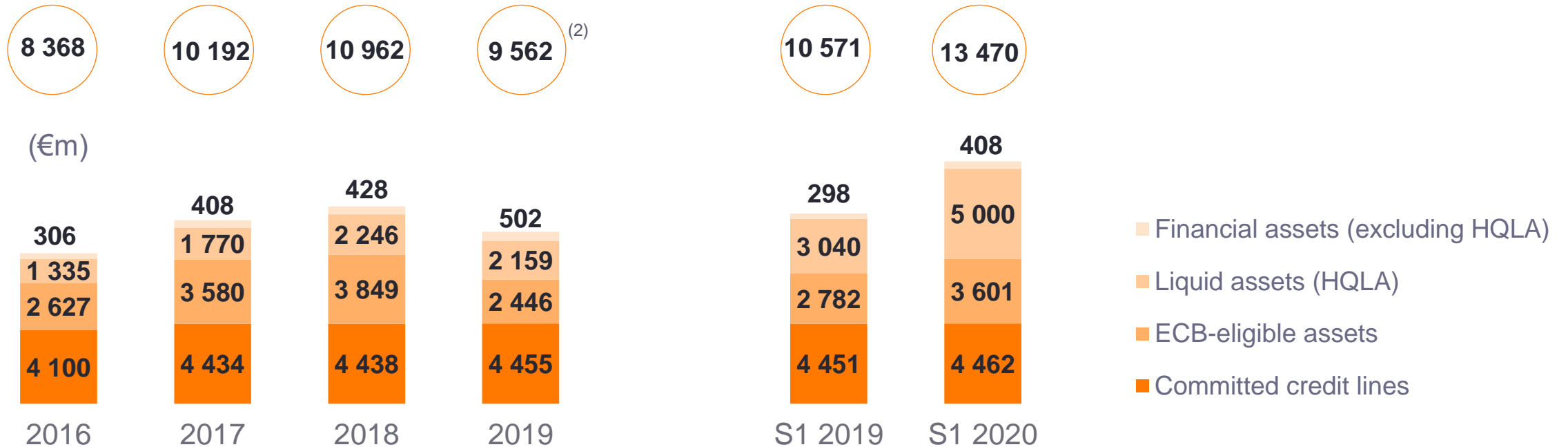
⁽¹⁾ Groupe Renault : of which € 500m deposit granted as collateral to offset credit exposure on Renault owned dealers

⁽²⁾ Retail deposits: of which € 13.1bn (27%) in sight deposits and € 5.5bn (12%) in term deposits

LIQUIDITY RESERVE ⁽¹⁾



- Liquidity reserve at **€13.5bn**:



⁽¹⁾ European scope

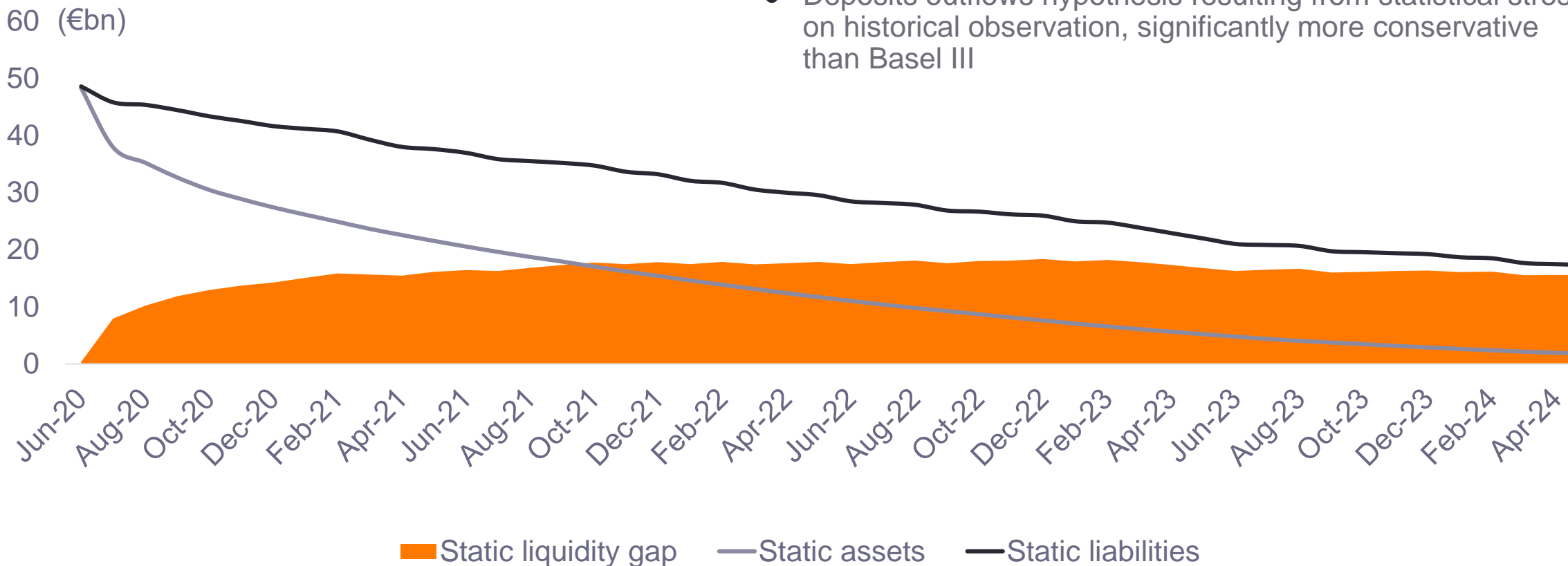
⁽²⁾ Liquidity reserve is calibrated to achieve internal business continuity target in stress scenario. Lower level in December 2019 reflects lower level of bond redemptions for the following year (bond repayments respectively €1.8 bn in 2020 and €2.8 bn in 2019)

STATIC LIQUIDITY (1)



● **Static liquidity position at end of June 2020:**

- Assets funded with longer dated liabilities
- Deposits outflows hypothesis resulting from statistical stress on historical observation, significantly more conservative than Basel III



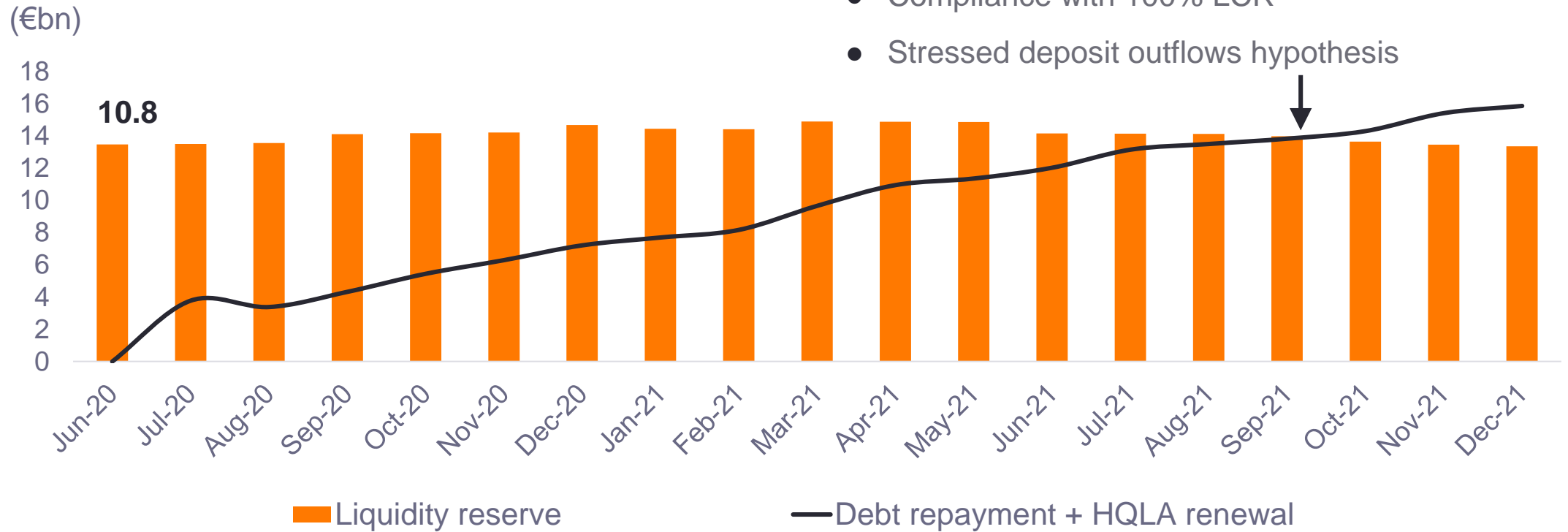
(1) On a specific date, the static liquidity represents the sum of the outstanding financial liabilities + equity - the outstanding assets (mainly loans to Dealers and Customers); in each case assuming no balance sheet changes from the date of calculation. European scope

LIQUIDITY STRESS SCENARIO (1)



- Liquidity stress scenario giving more than **15 months** of visibility at June 2020 end:

- Stable balance sheet
- No access to new market funding
- Compliance with 100% LCR
- Stressed deposit outflows hypothesis



(1) European scope

RETAIL DEPOSITS



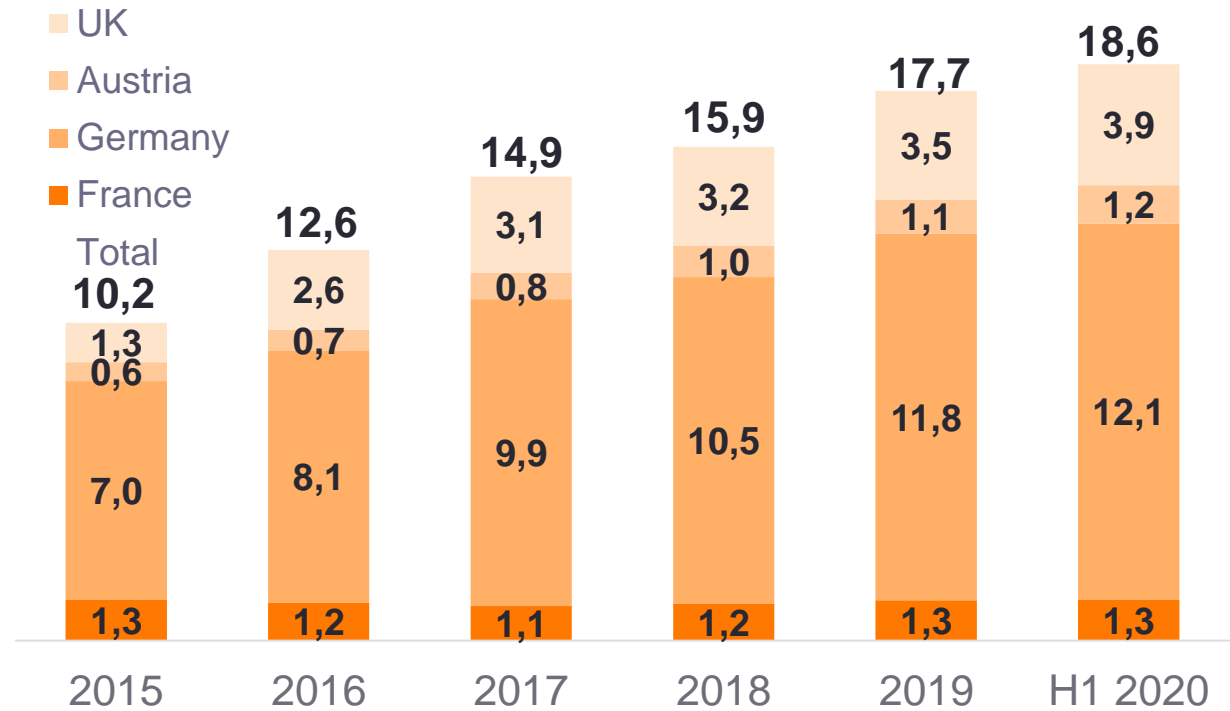
- **Retail deposits reaching €18.6bn:**

- Of which **70%** in sight deposits and **30%** in term deposits
- Saving products for retail customers
- 100% on-line through dedicated websites

- **Launch of deposit activity in:**

- France in February 2012
- Germany in February 2013
- Austria in May 2014
- UK in June 2015
- Brazil in March 2019 ⁽¹⁾

- **Deposits/commercial assets ratio at 39%:**



⁽¹⁾ At end of June 2020, Brazilian deposits reached €8m (not presented in the histogram above)

Deposits/commercial assets ratio (%)	2015	2016	2017	2018	2019	H1 2020
	32%	33%	34%	34%	35%	39%

2020 FUNDING PLAN ⁽¹⁾



- **Capital markets and ABS (€bn):**

	2016	2017	2018	2019	S1 2020	2020 ⁽²⁾
Bond issuances	4.4	6.3	3.5	3.9	0.75	[0.75-1.5]
Other long-term senior unsecured	0.2	0.1	0.0	0.2	0.0	0.0
Total long-term senior unsecured	4.6	6.4	3.5	4.1	0.75	[0.75-1.5]
ABS (public or conduit)	0.9	0.2	0.7	1	0	0.75

- Issuances in several currencies including **CHF and GBP**
- Several 7-year bonds issued since 2014 and new **8-years** tenor launched in 2018
- A **dual-tranche** bond in EUR issued in the first half of 2019
- A **subordinated Tier 2** bond of EUR 850M issued in November 2019

Deposits (new collection, in €bn)	2.4	2.3	1.0	1.8	0,9
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⁽¹⁾ European scope

⁽²⁾ Forecast as of June 2020

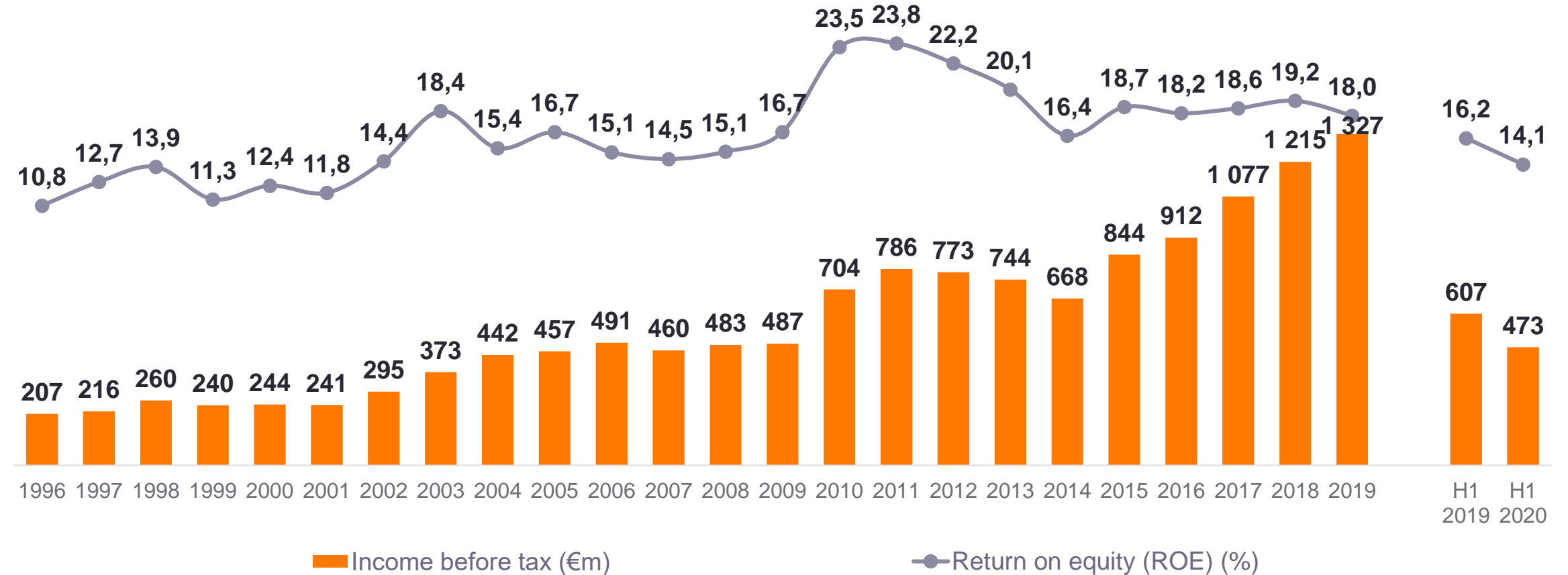


APPENDICES



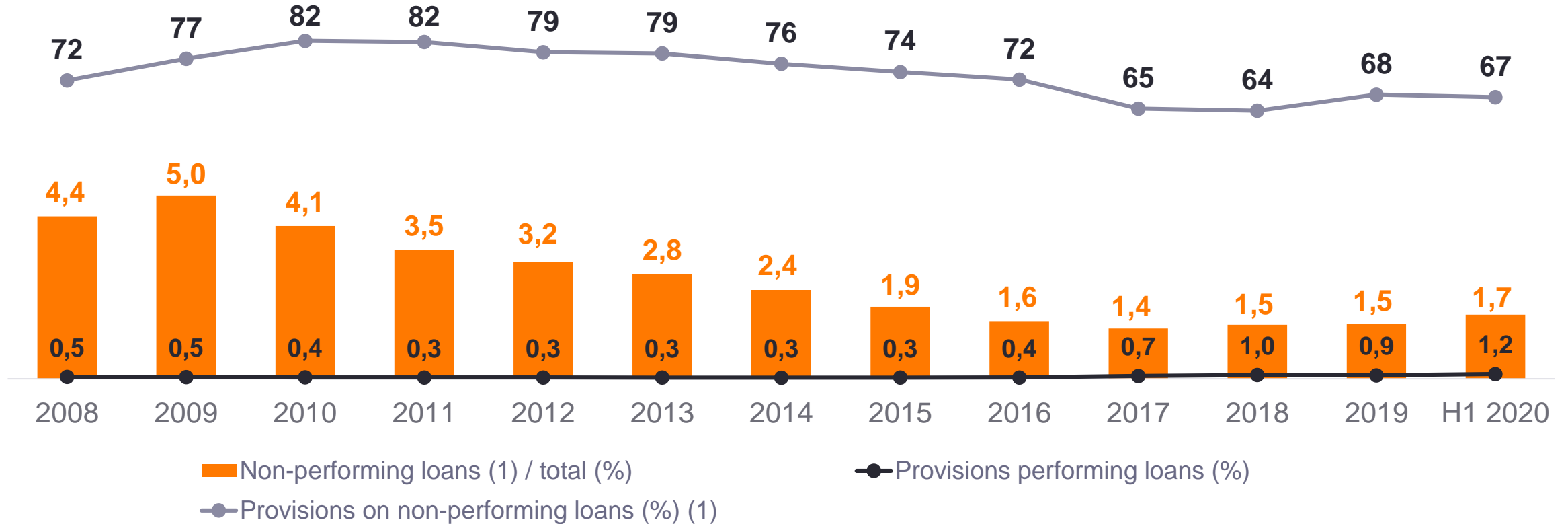
LOW VOLATILITY ON LONG-TERM RESULTS AND PROFITABILITY

- Evolution of the income before tax ⁽¹⁾ and the ROE:



⁽¹⁾ IFRS since 2004

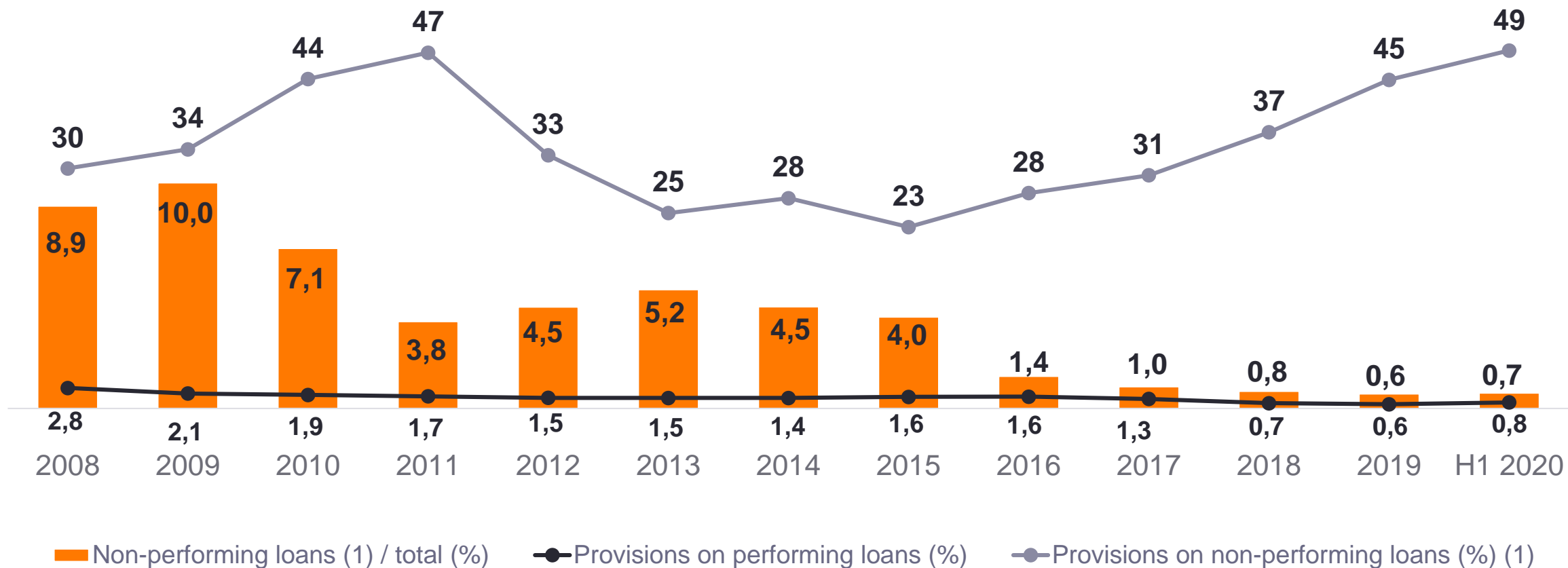
PROVISIONING FOR CUSTOMER ACTIVITY



(1) Non-performing loans : Doubtful and compromised loans until 31/12/2017 (IAS 39 definition) – Loans in default (Bucket 3 IFRS9) since 01/01/2018.

Doubtful loans (IAS 39): installment unpaid for more than 3 months. Compromised loans (IAS 39): the counterparty is declared to have defaulted on a loan or a lease agreement is terminated.
Loans in default (Bucket 3 IFRS 9): installment unpaid for more than 3 months.

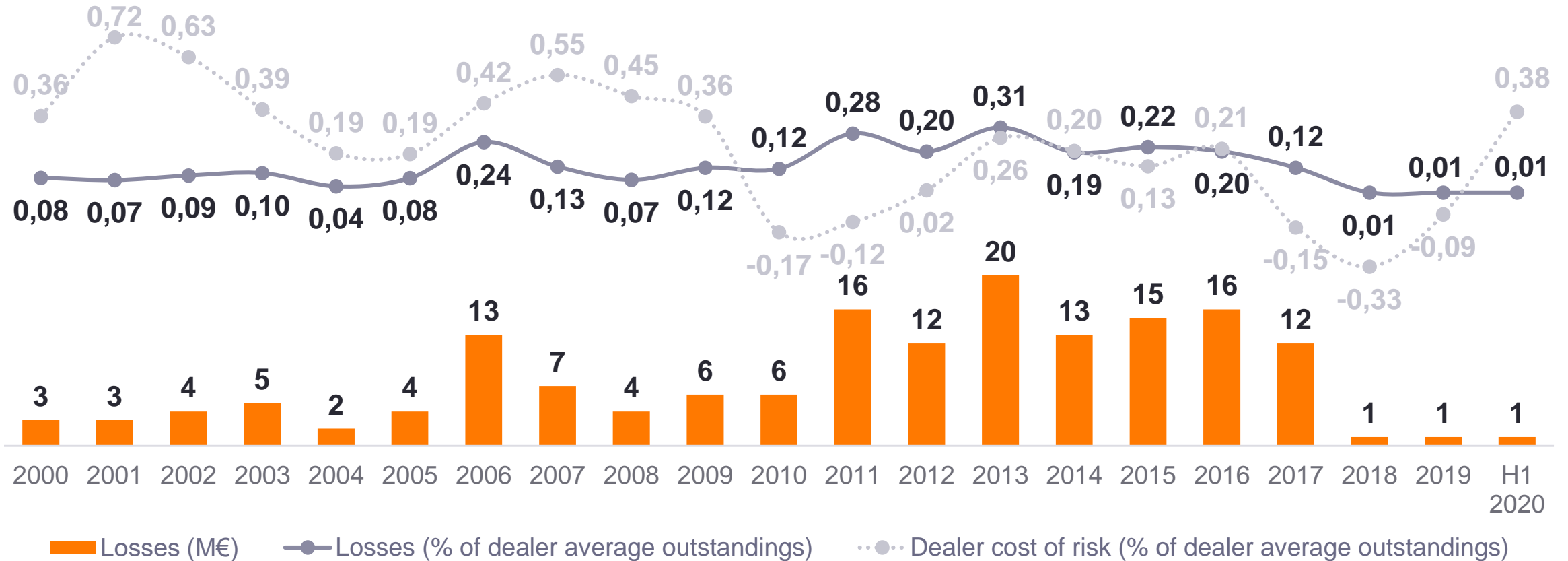
PROVISIONING FOR DEALER ACTIVITY



(1) Non-performing loans : Doubtful and compromised loans until 31/12/2017 (IAS 39 definition) – Loans in default (Bucket 3 IFRS9) since 01/01/2018.

Doubtful loans (IAS 39): installment unpaid for more than 3 months. Compromised loans (IAS 39): the counterparty is declared to have defaulted on a loan or a lease agreement is terminated.
 Loans in default (Bucket 3 IFRS 9): installment unpaid for more than 3 months.

DEALERS: LOSSES ON RECEIVABLES WRITTEN OFF



EXPOSURE AND PROVISION BY BUCKET



	Exposure				Provisions and coverage ratio				
	Gross value in MEUR	of which bucket 1 in MEUR	of which bucket 2 in MEUR	of which bucket 3 in MEUR	Impairment allowance in MEUR	of which bucket 1 in MEUR	of which bucket 2 in MEUR	of which bucket 3 in MEUR	
June 20					June 20				
TOTAL	49 155	45 032 92,4%	3 383 6,9%	740 1,5%	TOTAL	-1 020 -2,1%	-294 0,7%	-241 7,1%	-485 65,5%
Customers	38 638	35 100 90,8%	2 867 7,4%	671 1,7%	Customers	-903 -2,3%	-227 0,6%	-224 7,8%	-452 67,4%
Dealers	9 980	9 396 94,1%	516 5,2%	68 0,7%	Dealers	-102 -1,2%	-65 0,7%	-17 3,3%	-33 48,5%
Others	537	537 99,8%	0 0,0%	1 0,2%	Others	-1 0,4%	-2 0,4%	0 0,0%	0 0,0%
Dec-19					Dec-19				
TOTAL	52 691	48 683 92,4%	3 333 6,3%	675 1,3%	TOTAL	-882 -1,7%	-266 0,5%	-175 5,3%	-441 65,3%
Customers	40 178	36 548 91,0%	3 034 7,6%	596 1,5%	Customers	-779 -1,9%	-207 0,6%	-165 5,4%	-407 68,3%
Dealers	11 747	11 372 96,8%	299 2,5%	76 0,6%	Dealers	-102 -0,9%	-58 0,5%	-10 3,3%	-34 44,7%
Others	766	763 99,6%	0 0,0%	3 0,4%	Others	-1 1,0%	-1 0,1%	0 0,00%	0 0,00%

CUSTOMER RECEIVABLE SUBJECT TO MORATORIUM BY GEOGRAPHIC AREA



In €m	Global	Europe						Eurasia	Africa-Middle-East-India and Pacific	America		
		Germany	Spain	France	Italy	UK	Others			Argentina	Brazil	Colombia
Assets ⁽¹⁾	37,735	6,773	3,493	11,972	4,757	3,361	3,167	316	1,999	90	1,391	416
Moratorium ⁽¹⁾	4,200	88	75	3,118	212	131	169	32	114	3	110	149
Ratio	11%	1%	2%	26%	4%	4%	5%	10%	6%	3%	8%	36%
o/w opt-in ⁽¹⁾	1,082	88	75	0	212	131	169	32	114	3	110	149
Ratio	3%	1%	2%	0%	4%	4%	5%	10%	6%	3%	8%	36%
o/w opt-out ⁽¹⁾	3,118	0	0	3,118	0	0	0	0	0	0	0	0
Ratio	8%	0%	0%	26%	0%	0%	0%	0%	0%	0%	0%	0%

⁽¹⁾ As of 30/06/2020

COMMERCIAL ACTIVITY (1)



	Financing penetration rate (%)		New vehicle contracts (thousands)		New financings ⁽²⁾ (€m)		Net assets at year-end (€m)		o/w Customer net assets at year-end (€m)		o/w Dealer net assets at year-end (€m)	
	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020
Europe	44.2	48.6	711	485	9,289	6,409	43,488	42,967	33,415	33,523	10,073	9,444
of which Germany	43.6	50.9	95	77	1,449	1,166	7,969	8,137	6,495	6,773	1,474	1,364
of which Spain	50.7	51.1	84	42	997	506	4,784	4,437	3,880	3,493	904	944
of which France	47.7	51.9	259	187	3,249	2,360	14,974	15,638	11,137	11,972	3,837	3,666
of which Italy	63.4	63.7	113	60	1,602	874	5,951	5,802	4,875	4,757	1,076	1,045
of which UK	29.0	40.0	55	43	843	663	4,539	4,248	3,676	3,361	863	887
of which other countries	31.8	36.8	105	76	1,148	839	5,271	4,705	3,352	3,167	1,919	1,538
Americas	36.7	42.7	98	66	784	481	2,999	2,203	2,388	1,897	611	306
of which Argentina	19.7	31.7	11	9	51	48	225	135	149	90	76	45
of which Brazil	39.8	41.9	75	45	626	338	2,343	1,578	1,889	1,391	454	187
of which Colombia	48.8	67.1	13	11	107	96	431	490	350	416	81	74
Africa, Middle East, India and Pacific	41.2	43.1	55	51	538	614	2,005	2,105	1,873	1,999	132	106
Eurasia	27.4	31.1	55	56	252	242	292	325	274	316	18	9
TOTAL	41.3	44.9	919	659	10,864	7,747	48,784	47,600	37,950	37,735	10,834	9,865

THANK YOU

